

R277. Education, Administration.

R277-420. Aiding Financially Distressed School Districts.

R277-420-1. Definitions.

A. "Board" means the Utah State Board of Education.

B. "Interfund transfer" means a transaction which withdraws money from one fund and places it in another without recourse. Interfund transfers are regulated by statute and Board rules. Interfund transfers do not include interfund loans in which money is temporarily withdrawn from a fund with full obligation for repayment during the fiscal year.

C. "School district," for purposes of this rule, means school district under the direction of the local board of education.

D. "State Superintendent" means the State Superintendent of Public Instruction.

E. "USOE" means the Utah State Office of Education.

F. "Without recourse" means there is no obligation to return withdrawn money to the fund from which it was transferred.

R277-420-2. Authority and Purpose.

A. This rule is authorized by Section 53A-19-105(5) which requires the Board to develop standards for defining and aiding financially distressed school districts, and Section 53A-1-401(3) which permits the Board to adopt rules in accordance with its responsibilities.

B. The purpose of this rule is to specify the eligibility requirements for and the procedures for nonrecurring or nonroutine interfund transfers for financially distressed school districts.

R277-420-3. Eligibility.

To qualify as a financially distressed school district, a school district shall meet all of the following requirements:

A. Have a deficit of three percent or more in its year end unappropriated maintenance and operation fund balance following a reduction for any amount in an undistributed reserve.

B. Be unable to meet its financial obligations in a timely manner.

C. Be unable to reduce the maintenance and operation deficit by twenty-five percent in its budget for the next year.

D. Have made reasonable, local efforts to eliminate the deficit.

E. Be financially incapable of meeting statewide educational standards adopted by the Board.

F. Have a deficit resulting from circumstances not subject to administrative decisions. This judgment shall be made following an on-site visit and consultation with the school district and local school board by USOE staff.

R277-420-4. Procedures for Making Interfund Transfers.

A. A local school board applying to qualify for an interfund transfer under this rule shall request that the USOE visit the school district, conduct an audit, and assist the local school board and district staff in developing a plan to eliminate the deficit.

B. The school district shall meet the eligibility

requirements of R277-420-3 and be approved as a financially distressed school district by the Board or its designee.

C. A school district designated as financially distressed may make nonrecurring or nonroutine interfund transfers to the maintenance and operation fund upon the approval of the Board or its designee.

D. The interfund transfer shall be established by the school district under the direction of the local school board in an undistributed reserve account consistent with Section 53A-19-103.

KEY: education finance

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Authorizing, and Implemented or Interpreted Law: 53A-19-105; 53A-1-401(3); 53A-19-103